

LEASING OF CERTAIN LANDS OF THE UNITED STATES IN THE STATE OF NORTH DAKOTA FOR THE DEVELOP- MENT OF OIL, GAS, AND OTHER MINERALS

MAY 26, 1942.—Ordered to be printed

Mr. HATCH, from the Committee on Public Lands and Surveys,
submitted the following

REPORT

[To accompany S. 1788]

The Committee on Public Lands and Surveys, to whom was referred the bill (S. 1788) to provide for the leasing of certain lands of the United States in the State of North Dakota for the development of oil, gas, and other minerals, having considered the same, report favorably thereon with the following amendments and with the recommendation that the bill, as amended, do pass.

On page 1, lines 3 and 4, strike out the words "with the consent and approval of the Secretary of Agriculture,".

On page 2, line 5, after the word "acquired" strike out the colon and insert a period and strike out the remainder of the section.

Add the following new section:

SEC. 2. That title to the lands in North Dakota purchased for Indian use, the administrative control over which was transferred to the Secretary of the Interior by Executive Order No. 7868 of April 15, 1938, be, and is hereby recognized to be, in the United States, in trust for the Indian tribe or tribes for which the lands were purchased, and such lands shall be subject to lease for mining purposes in accordance with the laws and regulations affecting Indian tribal lands.

Facts concerning this bill are carried in the report of the Department of the Interior, which report is hereinbelow set forth in full and made a part of this report.

THE SECRETARY OF THE INTERIOR,
Washington, April 27, 1942.

Hon. CARL A. HATCH,
*Chairman, Committee on Public Lands and Surveys,
United States Senate.*

MY DEAR SENATOR HATCH: Reference is made to the request dated August 4, 1941, for a report to your committee on S. 1788, entitled "A bill to provide for the

leasing of certain lands of the United States in the State of North Dakota for the development of oil, gas, and other minerals."

I favor legislation to open the lands to lease. I recommend that the bill be revised as set out below, and when so changed that it be enacted.

Some of the lands in North Dakota which have been purchased by the Department of Agriculture under the provisions of the relief acts are known or believed to contain deposits of oil and gas, and the United States may derive a revenue therefrom by leasing them for the production of these minerals. If not produced, the oil and gas will be lost by reason of drainage through wells drilled on privately owned lands in the geologic structure of which they form a part. If the lands were public lands they would be subject to lease by the Secretary of the Interior under the provisions of the act of February 25, 1920, as amended by the act of August 21, 1935 (49 Stat. 674; 30 U. S. C. 226). There is no express provision of law for leasing the purchased lands for the production of oil and gas. I am advised, however, that the Secretary of Agriculture is of the opinion that he has implied authority to issue such leases. Even if he has this authority, good administration would be fostered by legislation granting specific authority with the necessary limitations and restrictions and for the distribution of the moneys derived from the leases.

In behalf of the proposal to authorize the Secretary of the Interior to lease the lands, it may be said that the administration of the Mineral Leasing Act of February 25, 1920, is and has always been in the Secretary of the Interior, and the necessary organization has been built up in this Department to issue the leases, supervise field operations, and collect the accruing rentals and royalties. That act, as amended, provides an efficient and effective leasing system for the prospecting, drilling, and economical production of the oil and gas resources of the United States. This development is adequately supervised and fully protected under the prudent conservation policies of this Department. From the standpoint of both economy and efficient administration, it is desirable that the administration of all mineral resources owned by the United States be centralized in the one Department of the Government. The Department of the Interior, by reason of its trained experienced staffs, equipped scientific agencies, available facilities, and coordinating leasing policies, is best able to assume the sole responsibility for the prudent, efficient, and economical development of such minerals under regulations consistent with the purpose for which the lands were acquired.

The provision in the bill that the Secretary of Agriculture shall first determine that the leasing of the land shall not interfere with the purposes for which it was acquired, would give him ample authority to prevent the issuing of oil and gas leases where such action would injure or militate against the objectives for which the land was acquired and developed. Moreover, it may here be stated that the Department of the Interior, ever since the mineral leasing law was enacted in 1920, has issued leases for lands in the national forests, the Federal power withdrawals, and the reclamation projects, which leases have been operated without detriment to the surface use of the land by the agency having control over them.

I recommend that the words "with the consent and approval of the Secretary of Agriculture", in lines 3 and 4, page 1 of the bill, be deleted. The proviso on page 2 gives the Secretary of Agriculture ample powers to protect the purposes for which the lands were acquired. To require his consent to and approval of every lease would only complicate and delay the issuance of the leases and add to the administrative tasks involved without any resulting benefits.

I also recommend that the last two provisos of the bill be stricken out, the first, for the reason that anyone who has filed an application for the lease of the lands has acquired no legal rights. He has expended nothing except the filing fee which will be returned to him when his application is rejected. Under the leasing act, lands not in known producing structures are subject to lease to the first qualified applicant, while leases of lands within the known producing structures are offered for sale at competitive bidding. Any change in the law to benefit those who have filed applications for lease under the mistaken belief that the lands are subject to lease, would not be in the interest of good administration. The second proviso, which would allow the Secretary of the Interior to waive the acreage limitations of the act of February 25, 1920, is contrary to sound public policy. It would open the way for monopolistic holdings and control of the producing areas that may be discovered. The present law permits one person to hold not over 2,560 acres in the same structure and not over 7,680 acres in a State, but these limitations do not apply when a pool or field is operated under an approved unit plan.

Approximately 12,389 acres of the lands purchased in North Dakota are within Indian reservations and were purchased for the purpose of securing additional lands for Indian use. Administrative jurisdiction over these lands was transferred by Executive Order No. 7868 of April 15, 1938, from the Department of Agriculture to the Department of the Interior to be administered by the Commissioner of Indian Affairs. I, therefore, recommend that the bill be amended by adding as another section the following:

"SEC. 2. That title to the lands in North Dakota purchased for Indian use, the administrative control over which was transferred to the Secretary of the Interior by Executive Order No. 7868 of April 15, 1938, be, and is hereby recognized to be, in the United States, in trust for the Indian tribe or tribes for which the lands were purchased, and such lands shall be subject to lease for mining purposes in accordance with the laws and regulations affecting Indian tribal lands."

The Director of the Bureau of the Budget has advised me that there is no objection to the submission of this report to your committee.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

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DEVELOPMENT OF LAND AND OTHER MINERAL RESOURCES IN NORTH DAKOTA

Approximately 12,350 acres of the lands included in North Dakota are within the Great Plains and were purchased for the purpose of securing additional lands for Indian use. Subsequent to the purchase of these lands was their sale by Executive Order No. 7806 of April 15, 1925, from the Department of Agriculture to the Department of the Interior for the Indian lands. The Department of the Interior, in turn, transferred the lands to the Indian lands by the following order of April 15, 1925, and the lands are now held by the Indian lands.

Under the act of April 15, 1925, the lands in North Dakota purchased for Indian use, the lands were transferred to the Department of the Interior by Executive Order No. 7806 of April 15, 1925, and the lands were transferred to the Indian lands by the following order of April 15, 1925, and the lands are now held by the Indian lands. The lands were purchased and such lands shall be subject to the same for mining purposes as the lands and minerals affecting Indian tribal lands. The Director of the Bureau of the Interior has advised me that there is no objection to the submission of this report to your committee.

Sincerely yours,

HAROLD I. LORAN,
Secretary of the Interior